1. # The Coming Changes in the International Monetary System:

Dedollarization, Massive Public and Private Debt Levels Feb. 12th, 2026

2. **I. Perspectives on Global Interdependence**
3. “When every country turned to protect its own private interest, the world public interest went down the drain, and with it the private interests of all.” —Charles Kindleberger (1910-2003), American economic historian, in his book *The World Depression 1929-1939* (1973).
4. “We are in the midst of a rupture, not a transition… More recently, great powers have begun using economic integration as weapons, and tariffs as leverage. Financial infrastructure is used as coercion. Supply chains are viewed as vulnerabilities to be exploited. You cannot live within the lie of mutual benefit through integration when integration becomes the source of your subordination… If we are not at the table, we are on the menu.” —Mark Carney (1965-), economist and Prime Minister of Canada, in Davos, Switzerland, January 20, 2026.
5. “In the Great Depression in which I grew up and remember vividly, unemployment was over 25 percent, and over 35 percent where I lived. A grown man would work all day, 16 hours, for a dollar. I remember hundreds of people walking by; people who had come down from the North just to get warm. They would come to our house as beggars even though they might have a college education. People didn’t have money.” —Jimmy Carter (1924-2024), 39th U.S. president (1977-1981), in an interview with the *St. Louis Post-Dispatch* on Feb. 4, 2009.
6. **II. The History of the Bretton Woods Monetary System**
7. One year before the end of World War II, in 1944, representatives of some 44 countries met in an American town in New Hampshire and cooperated in establishing a new global monetary system based on the U.S. dollar, which was to be convertible into a fixed weight of gold. At the time, the U.S. possessed 70% of the world’s gold reserves. This system lasted until 1971, when the Republican administration of Richard Nixon unilaterally severed the link between gold and the dollar, making the latter a purely fiat currency—that is, a currency entirely based on confidence in the U.S. monetary authorities to maintain its relative value.
8. Fifty-five years later, in 2026, the world is once again faced with the task of adjusting the international monetary system to new realities, but this time without a shred of international cooperation. On the contrary, the current Trump administration does not hesitate to insult, antagonize, and sometimes threaten allied nations, many of which are public and private creditors of the American federal government. To attack one’s lenders is generally not the most appropriate thing to do!
9. **III. The Framework of Global Payments**
10. Since the Bretton Woods Conference of July 1944, it was agreed by 44 countries that the U.S. dollar would be used as the principal international means of payments in the post-WWII international monetary system. It was going to be backed by gold at the rate of one dollar being exchanged for 1/35 ounce of gold (one ounce of gold being worth $35). Other national currencies would have a fixed exchange rate vis-à-vis the dollar, to be adjusted only for structural balance of payments deficits or surpluses, as monitored by the newly created International Monetary Fund (IMF). Moreover, central banks would purchase and hold mainly American Treasury bonds as liquidity reserves to stabilize their currencies.
11. **IV. The Exorbitant Privileges and Disadvantages of the Dollar**

12. For many years, that one-sided international monetary system has created some exorbitant privileges for the United States. Indeed, under such a system, the U.S. could not face a balance of payments problem because it was paying for its imports with its own currency, which it could print at will. It also allowed the U.S. government to finance part of its large budget deficits and its enormous public debt by selling Treasury bills and bonds, denominated in U.S. dollars, to foreign central banks, which held them as official reserves, and to other foreign investors. That structural demand kept the U.S. dollar strong in foreign exchange markets and assisted the Fed (the U.S. Federal Reserve Bank) in fighting domestic inflation.
13. From a geopolitical perspective, such easy access to foreign savings and dollar spending has enabled the U.S. government to deploy military power globally and to finance the building of some 750 military bases around the world, with contributions from host countries. However, since nothing is one-sided, there are some disadvantages for a country in having its national currency used worldwide. First, the American central bank had to take into account the dollar's international role when formulating its monetary policy. A second disadvantage resulted from net capital inflows in the U.S., which kept the dollar overvalued and encouraged domestic consumption and trade deficits. Thirdly, from a U.S. perspective, has been the ease with which large U.S. corporations could take advantage of their technological advances and finance productive investments abroad, and then repatriate their profits for the benefit of American investors.
14. Criticism against a dollar-dominated monetary system intensified when the U.S. government began weaponizing the system by imposing financial, economic, and political sanctions on countries that did not bend to its foreign policies.
15. **V. The Shift Toward Gold and Financial Instability**
16. It is to be expected that during the coming years—especially as the current Trump administration has become increasingly hostile to the economic interests of other nations—the world is going to move away from the fiat U.S. dollar international monetary system. This is even more likely since President D. Trump has openly said that he would welcome a debased U.S. dollar, going as far as saying that he thinks a weaker dollar would be "great"! With large yearly federal fiscal deficits and political pressure to force the Fed to print more money in order to lower short-term interest rates, this is a recipe for creating a period of galloping inflation and slow economic growth, possibly leaving the U.S. economy in a state of stagflation.
17. Many central banks have been gradually reducing their stocks of dollar-denominated Treasury bills and bonds in their official reserves relative to gold. In 2025, central banks around the world crossed an important threshold; for the first time in three decades, their combined gold holdings have exceeded their total holdings of U.S. Treasury bonds in their international reserves. This is because the U.S. dollar has become a heavily indebted fiat currency that is subjected to persistent inflation. Gold holdings, on the other hand, serve as a hedge against inflation and currency debasement. An indication that the world is slowly moving toward a gold-based international monetary system is the fact that about one-fifth, or nearly 36,200 tons, of all the gold ever mined is now held by central banks. This was only about 15 percent at the end of 2023.
18. **VI. Unsustainable Debt and Economic Warfare**
19. In the United States and in other economies, lax fiscal and monetary policies could trigger financial crises and an important economic downturn. After the 2008-2009 Great Recession and the Covid-19 recession of 2020-2021, nominal interest rates were pushed down, sometimes below the inflation rate, heralding an era of negative real interest rates. This was an invitation to borrowers to go deep into debt. Governments, corporations, and households piled up their debt levels, even though real economic growth and real income levels did not follow. This experience has been repeated in Europe and Canada.

20. The Trump administration's fiscal policy is currently in disarray, with a yearly federal deficit approaching $2 trillion and federal public debt reaching $39 trillion (or 126 percent of GDP in 2026), according to the Debt clock. If one adds the one trillion of states' public debts, the total U.S. public debt will likely be $40 trillion, or 129 percent of GDP, later in 2026. Rather than taking concrete measures to correct such an unsustainable fiscal situation, the D. Trump administration is increasing military expenditures at the same time that it wishes to place the Federal Reserve Bank under its direct control and is pressuring the central bank to artificially lower short-term interest rates.
21. All this undermines international confidence in the U.S. government and encourages other countries to sell part or all of their stocks of dollar bonds and other dollar assets while reducing reliance on the international fiat dollar system. The end result is to push up medium- and long-term interest rates in the U.S., with a negative impact on the real economy, employment, and on banks facing rising defaults and bad debts. Thus, everything would seem to be in place for an important correction in financial markets in the coming months or years, not only in the United States but also in many other economies.
22. **VII. Global Isolation and Trade Wars**
23. On the international stage, the economic and trade wars waged by the current U.S. president are a source of instability and economic slowdown. Since the very beginning of 2025, President Trump's second administration has irresponsibly chosen to launch economic warfare and the "dumbest trade wars" (see *The Wall Street Journal*, Jan. 31, 2025) against other countries, including against long-time allies, rather than adopting a posture of mutually profitable economic cooperation. This has been a highly deplorable and counter-productive approach.
24. Indeed, after just one year in power in Washington, D.C., real estate mogul turned politician Donald Trump has managed to attack and insult almost every sovereign nation on Earth. He began by antagonizing two neighboring countries in North America (Canada and Mexico). He then set about alienating Asian countries, starting with China. His boundless imagination led him to resurrect the old Monroe Doctrine of 1823 in order to turn all of South America against him and steal their natural resources. And not to be outdone, he bombed countries in Africa and the Middle East (Somalia, Nigeria, Iran, etc.). The icing on the cake was when his foreign policy document identified Europe's NATO allies as adversaries and threatened to seize Greenland, under Danish rule, by force! A few more months of the Trump 2.0 regime and the United States could be completely isolated, allied only with Israel, and in a state of rupture with the other 191 countries.
25. **VIII. Conclusions: A New World Order**
26. We do not know how many years it will take for the world to adopt a New World Order based on the establishment of a new international monetary system. The reason being that this time, everything is being done in a context of conflict and disorder, rather than with studies, analysis, and multilateral cooperation. The U.S. political regime of D. Trump seems to have set itself the objective of ruining the reputation of the United States around the world and accelerating the decline of the American empire.
27. However, within the United States, legal, constitutional, and political efforts to force either a resignation or a disqualification of the current president could radically change the path followed by the Trump administration 2.0 since January 2025. Unfortunately, the damage is done and confidence in the U.S. government is broken. What this means is that over the coming years, there will be at least four ways to clear international payments: through the old dollar-based system still in place, with new mechanisms involving either the euro or the yuan currencies, and increasingly through the new BRICS's Unit international currency, based on 40% gold and 60% of a basket of national currencies.

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